

ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED MARCH 23, 2005

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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January 19, 2005

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. STEPHEN T. HULBERT, PRESIDENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 8, 2004. Nicholls State University is a part of the University of Louisiana System. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of the Nicholls State University Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletics program for the year ended June 30, 2004, solely to assist the university in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Nicholls State University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENSES

1. We obtained written representations from management as to the fair presentation of the Statement of Revenues and Expenses of the intercollegiate athletics program for the year ended June 30, 2004, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

2. We compared the statements of revenues and expenses of the intercollegiate athletics program for June 30, 2003, and June 30, 2004, to identify variances of 5% or greater between individual revenue and expense accounts that are 5% or more of the total.

As a result of our procedure, we identified variances of 5% or greater in the following revenue and expense accounts for which the university provided satisfactory responses:

Revenues

Gate receipts
Guarantees
NCAA receipts
In-kind contributions
Outside funds

Expenses

Personal services - related benefits
Travel
Operating services
Supplies
Professional services
Scholarships
Other charges
Equipment

3. We compared the budgeted revenues and expenses to actual revenues and expenses for the year ended June 30, 2004, to identify any variances of 20% or greater in individual accounts that are 5% or more of the total. As a result of our procedure, we identified variances of 5% or greater between budget and actual amounts in the following expense accounts:

Personal services:

Salaries
Related benefits
Travel
Professional services

4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions.

Individual contributions to the athletic department from Thibodaux Regional Medical Center and Mobile Tel, LLC totaling \$17,020 and \$16,000, respectively, exceeded 10% of the total contributions.

**INTERNAL CONTROL - POLICIES AND PROCEDURES
RELATING TO INTERCOLLEGIATE ATHLETICS -
AGREED-UPON PROCEDURES**

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletic department and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletic department.

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures related to revenues and expenses:

- a. We selected the largest revenue transaction batch for gate receipts and followed it through the university's cash control system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

- b. We selected the 10 largest athletic department cash disbursements. We followed these transactions through the university's accounting system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and obtained reports issued by the internal auditor to support the auditor's involvement.

During the fiscal year 2004, the internal auditor issued two internal audit reports on the athletic department.

On December 8, 2003, an internal audit report, "Institutional Controls of Athletics Finances," was issued on a review conducted to provide reasonable assurance that Nicholls State University has institutional internal controls in place regarding the achievement of effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations. It was recommended that the athletic department should establish a written policy

regarding fundraising. It was also recommended that a policy concerning outside booster clubs and private organizations should be written.

On December 9, 2003, a second audit report, "Athletic Department Football", was issued on the Nicholls State University versus McNeese State University football game on November 22, 2003, regarding football game attendance and ticket reconciliation. No exceptions were noted.

8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletics program to identify deficiencies in the design of those procedures.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletics program.

**EXPENSES OF OUTSIDE ORGANIZATIONS MADE
FOR OR IN BEHALF OF NICHOLLS STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

9. We obtained written representation from management of the university that the Nicholls Colonel Club was the only outside organization created for or in behalf of the athletic department.
10. We obtained from representatives of the outside organization the Statement of Cash Receipts and Disbursements with written representations as to the fair presentation of the statement.

We found no exceptions as a result of this procedure.

11. We compared the direct payments of the outside organization to the university and the cash disbursements made by outside organizations for or in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenses (Statement A) and identified any reconciling items.

We found no exceptions as a result of this comparison.

12. We obtained the outside organization's independent auditor's report to identify any reportable conditions relating to the outside organization's internal controls.

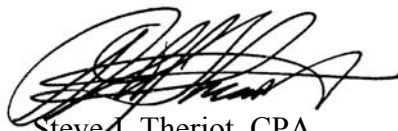
The Nicholls Colonel Club is an account within the Nicholls State University Foundation. The financial statements of the Nicholls State University Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2004. The audit report is dated August 17, 2004, and included no reportable conditions relating to the outside organization's internal controls.

INDEPENDENT AUDITOR'S REPORT

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenses of the Nicholls State University Athletic Department. Accordingly, we do not express such an opinion. Also, we express no opinion on Nicholls State University's internal control over financial reporting or any part thereof. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Nicholls State University and is not intended to be and should not be used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", is written over a horizontal line.

Steve J. Theriot, CPA
Legislative Auditor

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Statement A

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2004**

	(PORTION OF) CURRENT FUNDS - UNRESTRICTED - AUXILIARY	ATHLETIC AGENCY FUND	TOTAL
REVENUES			
Education and general transfers	\$2,274,132		\$2,274,132
Gate receipts	141,913		141,913
Guarantees	336,500		336,500
Commissions	10,250		10,250
NCAA receipts	269,903		269,903
In-kind contributions	57,633	\$54,589	112,222
Outside funds		208,132	208,132
Miscellaneous	180,927		180,927
Total revenues	<u>3,271,258</u>	<u>262,721</u>	<u>3,533,979</u>
EXPENSES			
Personal services:			
Salaries	1,174,113	56,532	1,230,645
Related benefits	254,638	8,766	263,404
Travel	356,399	8,389	364,788
Operating services	190,162	45,866	236,028
Supplies	125,192	34,000	159,192
Professional services	136,796	1,175	137,971
Guarantees	44,902		44,902
Scholarships	982,379	1,000	983,379
Other charges	6,677	104,877	111,554
Equipment		12,108	12,108
Total expenses	<u>3,271,258</u>	<u>272,713</u>	<u>3,543,971</u>
EXCESS OF EXPENSES OVER REVENUES	<u>NONE</u>	<u>(\$9,992)</u>	<u>(\$9,992)</u>

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